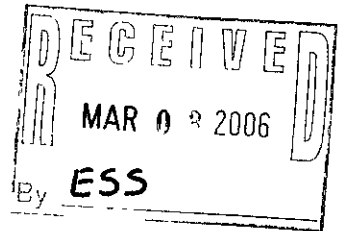


THE STATE EXCHANGE BANK

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JON B. MENHUSEN
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RICK W. DIAMOND
PRESIDENT

BRIAN E. SHULDA
AG LOAN OFFICER

PHILIP A. MENHUSEN
EXECUTIVE VICE PRESIDENT

Mr Robert E Feldman, Executive Secretary
550 17th St NW
Washington, DC 20429
February 24, 2006

Dear Mr Feldman:

Thank you for scheduling public hearings regarding Wal-Mart's application for FDIC insurance. We would like to submit the following written statement as part of this process:

Congress has repeatedly affirmed the separation of banking from commerce. We applaud this separation, and view the independence and diversity of the banking sector as a strength of our economy.

If the application is granted, there is no doubt that Wal-Mart will begin accepting deposits and extending credit as soon as the initial period of their ILC strategic plan has passed. This is demonstrated by their earlier attempts to enter the banking business through partnering with Toronto-Dominion Bank and their attempts to purchase thrifts.

If Wal-Mart is allowed to engage in full-service banking, they will have an inherent conflict of interest. Anyone who would compete against them would be denied banking services, while their suppliers would receive preferential treatment. They would engage in predatory pricing to drive competition out of business, just as they have done to hardware stores, pharmacies, and grocery stores.

It is also our understanding that Wal-Mart's ILC would not be subject to regulatory examination. The prospect of a huge, unregulated bank able to use its size to bludgeon any institution that opposes it is truly repulsive.

To summarize, there are two valid reasons for denial of the application. First, it is contrary to congressional intent; Second, the applicant has consistently engaged in anti-competitive predatory pricing, which would drive many independent financial institutions out of business, thereby reducing the availability and diversity of banking services. Furthermore, if you grant this application, you will be setting a precedent that will encourage other non-financial corporations to charter ILC's. At the very least, a decision on this application should be

Locally Owned Independent Bank
MEMBER FDIC

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postponed until such time as Congress has acted on the proposal to bring ILC's under the Bank Holding Company Act

Thank you for your consideration

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Menhusen', with a long horizontal flourish extending to the right.

Philip Menhusen
Executive Vice President